GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1147
ANSWERED ON:23.11.2001
AMENDMENT IN THE UTI ACT,1963
SAHIB SINGH VERMA;SANAT KUMAR MANDAL

Will the Minister of FINANCE be pleased to state:

(a) whether (the Unit Trust of India have sent any proposal for restructring its managerial, operational activities and also privatisation in the wake of UTI scam involving crores of small investors;

(b) if so, the details thereof;

(c) whether the Government propose to amend the UTI Act in this regard; and

(d) if so, by when?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):

(a) and (b) Unit Trust of India (UTI) has not sent any proposal (or restructring its managerial and operational activities.

However, the Corporate Positioning Committee constituted by UTI under under thechairmanship of Shri Y.H. Malegam in July, 2000 has submitted its report to the UTI in October, 2001. The Committee has recommended, inter-alia, that the structure of UTIshould be in line with SEBI (Mutual Fund) Regulations. Accordingly, there would be
(i) a sponsor, (ii) a Trustee Company, and (iii) An Asset management Company (AMC). Further,the Committee`s report states that the sponsor should be a sponsoring company which could be owned upto 40% by the sponsoring institutions {i.e., the institutions which presently hold the initial capital) and 60% by a strategic partner. The UTI should convert itselfinto an AMC which could be owned upto 40% by the sponsoring company and 60% by the public. The Board of Trustees of the UTI have in its meeting held on 30th October, 2001 decided to make the report public to elicit the views of all stake holders.

(c) and (d) Appropriate action would be considered once the response of UTI Board ofTrustees on the Corporate Positioning Committee is received by the Government.